



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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FISCAL YEAR 2006 DEPARTMENT OF DEFENSE APPROPRIATIONS BILL – H.R. 2863

SUMMARY

The Department Defense appropriations bill reported to the House on 10 June 2005 (H.R.2863; H.Rept. 109-119) provides the majority of national defense funding called for in the fiscal year 2006 budget resolution. It also employs, for the first time, the special Exemption for Overseas Contingency Operations – the budget resolution’s means of anticipating costs for continuing operations in Afghanistan and Iraq. Although these contingency funds are reflected in the bill’s totals, they are not counted for enforcement purposes (see further discussion below).

Overall, the measure provides new budget authority equaling the suballocation to the Appropriations Subcommittee on Defense. The bill is consistent with the

appropriate levels in the conference agreement on the fiscal year 2006 budget resolution (H. Con. Res. 95), and hence complies with the applicable provisions of the Congressional Budget Act. It also complies with provisions of the budget resolution, such as those governing advance appropriations and emergency designations.

This is the seventh of 11 appropriations bills for the fiscal year beginning 1 October 2005. The measure reflects the reorganization of the appropriations subcommittees, which moves approximately 20 percent of the Operations and Maintenance accounts, and 12 percent of the Military Personnel accounts, to the Military Quality of Life subcommittee.

COST OF THE LEGISLATION

The bill provides a total of \$408.695 billion in new budget authority [BA], and \$427.285 billion in outlays for 2006.

Of these amounts, \$45.255 billion of BA (with \$27.952 billion of 2006 outlays) is provided under the Exemption of Overseas Contingency Operations (section 402 of the budget resolution), and not counted for enforcement purposes. Hence the applicable for comparison are \$363.440 billion in BA and \$371.740 in outlays (see Table 1). Under this comparison – excluding the contingency funds – the

measure reflects an increase from fiscal year 2005 increases of \$12.2 billion, or 3.5 percent, in BA (excluding emergency funding). The bill is below the President’s budget request by \$3.4 billion in budget authority, and \$3 billion in outlays. The bill also rescinds \$634 million in BA and \$194 million in outlays.

BA provided by the bill is equal to the 302(b) suballocation to the Subcommittee on Defense; outlays are less than the suballocation by \$956 million.

Table 1: Department of Defense
(fiscal years; millions of dollars)

	2005 Spending ^a	Administration 2006	302 (b) for 2006	Bill
Budget Authority	351,230	366,856	363,440	363,440
Outlays	397,470	374,753	372,696	371,740

^a Excludes appropriations designated under the Exemption of Overseas Contingency Operations.

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This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of all the committee’s members.

COMPLIANCE WITH THE BUDGET RESOLUTION

As noted, the bill complies with provisions of the Congressional Budget Act because it is consistent with the appropriate levels in the budget resolution. It contains no advance appropriations, the use of which is governed by the

budget resolution – and hence also complies with H.Con.Res. 95. A sum of \$45.2 billion of the bill's total is provided under the Exemption for Overseas Contingency Operations, and is not counted for enforcement purposes.

Table 2: Discretionary Spending in the Department Defense Appropriations Bill

(in millions of dollars)

	2005 Budget Authority	2005 Outlays	2006 Budget Authority	2006 Outlays	Difference BA	Difference Outlays
Military Personnel	91,353	96,470	94,840	94,659	3,487	-1,811
Operation and Maintenance	110,516	149,674	116,420	123,733	5,904	-25,941
Procurement	78,112	79,568	77,595	79,517	-517	-51
Research, Development, Test, & Evaluation	68,808	66,203	71,396	69,676	2,588	3,473
Revolving and Management Funds	2,379	4,728	2,753	3,214	374	-1,514
Intelligence Community Management Account	271	216	338	297	67	81
Department of Justice	39	29	39	37	-	8
Other	<u>-248</u>	<u>582</u>	<u>59</u>	<u>607</u>	<u>307</u>	<u>25</u>
Total	351,230	397,470	363,440	371,740	12,210	-25,730

^a The Congressional Budget Office has recast amounts in the fiscal year 2005 appropriations bills to align with the components of the restructured 2006 appropriations, making the comparison above possible.

^b Excludes appropriations designated under the Exemption of Overseas Contingency Operations.

DISCUSSION

As noted, the bill provides \$363.4 billion in discretionary BA (excluding the contingency funds) to the Department of Defense [DoD], an increase of \$12.2 billion in BA from the 2005 enacted level (see Table 2 above). This amount is \$3.4 billion below the administration request.

The reduction occurs because the subcommittee's 302(b) allocation is below the request. This makes room for the funding of non-defense discretionary programs at rates higher than anticipated by the President or by the budget resolution.

Several rescissions – totaling \$634 million – from prior-year procurement and research, development, test, and evaluation programs enable the bill to meet its 302(b) allocation.

No mandatory savings are achieved through changes in legislative language.

The bill also provides \$338 million in discretionary BA to the Intelligence Community Management Account [ICMA], an increase of \$67 million from 2005 levels. This account provides funding for various counter-terrorist activities.

Like last year, the Defense appropriations bill provides contingency funds for ongoing operations in Iraq and Afghanistan. Unlike last year, when funds were made available upon enactment, this year's funds are made available at the start of the 2006 fiscal year. These funds will augment the \$75.9 billion supplemental passed (H.R. 1268) in May of 2005.

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